

**COUNTY OF LOS ANGELES
PROBATION DEPARTMENT**

9150 E. Imperial Highway
Downey, California 90242

Report on Audit of OES Grants

October 1, 2007 through September 30, 2008

DATE RECEIVED:



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Assigned To: Price

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Reviewer's Initials: HP

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COUNTY OF LOS ANGELES, PROBATION DEPARTMENT

Report on Audit of OES Grants

October 1, 2007 through September 30, 2008

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INDEPENDENT AUDITORS' REPORT

We have audited the State of California, Governor's Office of Emergency Services (OES) program statements identified in the table of contents of County of Los Angeles, Probation Department (Grantee) for the grants and periods as noted below.

<u>Grant Number</u>	<u>Grant Period</u>	<u>Audit Period</u>
AG07B10190	10/01/07 – 09/30/08	10/01/07 – 09/30/08
US07P30190	10/01/07 – 09/30/08	10/01/07 – 09/30/08

The amounts included in the OES program statements are the responsibility of the Grantee's management. Our responsibility is to express an opinion on these OES program statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, *OES Grants Audit Program*, and with certain provisions of *OES Grant Recipient Handbook*. Those standards, the *OES Grants Audit Program*, and the *OES Grant Recipient Handbook* require that we plan and perform the audit to obtain reasonable assurance about whether the OES program statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures presented in the OES program statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the OES program statements. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in **Note 2** to the OES program statements, the Grantee prepares OES Form 201s in accordance with OES requirements. The accounting practices used to prepare OES Form 201s may differ in some respects from accounting principles generally accepted in the United States of America. Accordingly, the accompanying OES program statements, which are based in part on OES Form 201s, are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Ms. Wendy L. Watanabe
Auditor-Controller
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In our opinion, the OES program statements referred to in the first paragraph present fairly, in all material respects, the status of cash, the approved budget and costs claimed and the allowable costs for the grants and periods audited, in conformity with the basis described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 20, 2009 on our consideration of the Grantee's internal control over financial reporting for the grants and periods audited and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the State of California, Governor's Office of Emergency Services and County of Los Angeles, Probation Department's management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Mayer Hoffman McCann P.C.

Irvine, California
April 20, 2009

COUNTY OF LOS ANGELES, PROBATION DEPARTMENT

Status of Cash

October 1, 2007 through September 30, 2008

Anti-Gang Initiative Grant No. AG07B10190 October 1, 2007 through September 30, 2008	
Grant cash received	\$ 137,500
Grant expenditures	(137,500)
Cash on hand at end of audit period	\$ -

Project Safe Neighborhoods Grant No. US07P30190 October 1, 2007 through September 30, 2008	
Grant cash received	\$ 137,000
Grant expenditures	(137,000)
Cash on hand at end of audit period	\$ -

See accompanying Notes to OES Program Statements.

COUNTY OF LOS ANGELES, PROBATION DEPARTMENT

Statement of Approved Budget and Costs Claimed

October 1, 2007 through September 30, 2008

Anti-Gang Initiative Grant No. AG07B10190 October 1, 2007 through September 30, 2008			
	Approved Budget	Cost Claimed	Variance
Personal services	\$ 137,500	137,500	-
Totals	\$ 137,500	137,500	-

Project Safe Neighborhoods Grant No. US07P30190 October 1, 2007 through September 30, 2008			
	Approved Budget	Cost Claimed	Variance
Personal services	\$ 137,000	137,000	-
Totals	\$ 137,000	137,000	-

See accompanying *Notes* to OES Program Statements.

COUNTY OF LOS ANGELES, PROBATION DEPARTMENT

Statement of Costs Claimed and Accepted

October 1, 2007 through September 30, 2008

Anti-Gang Initiative Grant No. AG07B10190 October 1, 2007 through September 30, 2008				
	Costs Claimed	Per Audit		
		Costs Accepted	Costs Questioned	Costs Recommended for Disallowance
Personal services	\$ 137,500	137,500	-	-
Totals	\$ 137,500	137,500	-	-

Project Safe Neighborhoods Grant No. US07P30190 October 1, 2007 through September 30, 2008				
	Costs Claimed	Per Audit		
		Costs Accepted	Costs Questioned	Costs Recommended for Disallowance
Personal services	\$ 137,000	137,000	-	-
Totals	\$ 137,000	137,000	-	-

COUNTY OF LOS ANGELES, PROBATION DEPARTMENT

Notes to OES Program Statements

October 1, 2007 through September 30, 2008

Note 1: Background

The State of California, Governor's Office of Emergency Services (OES) awarded the grants to County of Los Angeles, Probation Department (Grantee) for the following program objectives:

- Anti-Gang Initiative (AG07B10190)

The Anti-Gang Initiative is a program that addresses the gang violence problem in the Los Angeles Police Department's 77th Division and the Los Angeles Sheriff's Department Century Station areas (target areas). The focus of the program is to enhance public safety, ensure victim's right, effect positive probationer behavior change and to reduce gang violence in the target areas.

- Project Safe Neighborhoods (US07P30190)

The Project Safe Neighborhoods establishes a comprehensive approach to combating gun violence. Specifically, the program intends to unite prosecutors, law enforcement officials, and community leaders in order to implement a multi-faceted strategy to deter and punish perpetrators of gun violence.

Note 2: Summary of Significant Accounting Policies

The OES program statements have been prepared from the original grant budgets and subsequent modifications, if any, approved by OES, the Reports of Expenditures and Requests for Funds (OES Form 201s), and County of Los Angeles, Probation Department's financial records.

OES Form 201s were prepared by County of Los Angeles, Probation Department personnel in accordance with OES requirements. The basis of accounting used in preparing OES Form 201s differs from accounting principles generally accepted in the United States of America for the following items:

- Equipment. Equipment purchased with grant funds is expensed at cost. Accounting principles generally accepted in the United States of America require the equipment to be capitalized and depreciated over its useful life.
- Audit Costs. Estimated audit costs related to OES grants can be claimed on the final OES Form 201 for an audit which will not be completed prior to submission of the final OES Form 201. Accounting principles generally accepted in the United States of America define an accrued expense as an accounting recognition of unpaid expenses that come into existence as the result of past contractual commitments, past services received, or by operation of a tax law.

COUNTY OF LOS ANGELES, PROBATION DEPARTMENT

Notes to OES Program Statements

(Continued)

Note 2: Summary of Significant Accounting Policies (Continued)

Accordingly, the accompanying OES program statements are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Note 3: Definitions

Questioned costs are costs that require additional support from the Grantee or require an allowability determination by OES. Costs recommended for disallowance are costs where we have obtained documentary evidence beyond a reasonable doubt that the Grantee is in violation of legislative or regulatory requirements, or specific conditions of pertinent grant.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF OES PROGRAM
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the State of California, Governor's Office of Emergency Services (OES) program statements identified in the table of contents of County of Los Angeles, Probation Department (Grantee) for the grants and periods as noted below, and have issued our report thereon dated April 20, 2009.

<u>Grant Number</u>	<u>Grant Period</u>	<u>Audit Period</u>
AG07B10190	10/01/07 – 09/30/08	10/01/07 – 09/30/08
US07P30190	10/01/07 – 09/30/08	10/01/07 – 09/30/08

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, OES Grants Audit Program, and with certain provisions of OES Grant Recipient Handbook.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Grantee's internal control over financial reporting for the grants and periods audited as a basis for designing our auditing procedures for the purpose of expressing our opinion on the OES program statements, but not for the purpose of expressing an opinion on the effectiveness of the Grantee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Grantee's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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Auditor-Controller
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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting for the grants and periods audited that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Los Angeles, Probation Department's OES program statements are free of material misstatement, we performed tests of its compliance with certain provisions of applicable laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of program statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the State of California, Governor's Office of Emergency Services and the County of Los Angeles, Probation Department's Management and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Mayer Hoffman McCann P.C.

Irvine, California
April 20, 2009

COUNTY OF LOS ANGELES, PROBATION DEPARTMENT

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October 1, 2007 through September 30, 2008

Status of Prior Audit Findings

County of Los Angeles, Probation Department's prior audit of State funded grant was performed by Mayer Hoffman McCann P.C. The audit report covered the audit period of January 1, 2007 through December 31, 2007. The audit report did not identify any findings.

COUNTY OF LOS ANGELES, PROBATION DEPARTMENT

Report on Audit of OES Grants

October 1, 2007 through September 30, 2008

Exit Conference

The audit results and the audit report process were discussed with the representatives of the County of Los Angeles, Probation Department noted below on April 6, 2009. It was explained to the representatives in attendance that the results were subject to a final review prior to release of the draft report. Any changes made based upon this review would be incorporated into the draft report.

County of Los Angeles, Probation Department

Diane Sherwood
Carmen Covarrubias

Financial Manager
Accounting Officer I

Mayer Hoffman McCann P.C.

Diego Vanegas

Senior Associate